

Message Text

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ACTION EA-09

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SUBJECT: INDUSTRIAL DISPUTE THREATENS BLOW TO BALANCE OF PAYMENTS

1. SUMMARY: AFTER MONTHS OF ON-AGAIN-OFF-AGAIN
NEGOTIATIONS BETWEEN THE NZ FREEZING COMPANIES ASSOCIATION
AND THE FREEZING WORKERS AND MEAT WORKERS UNIONS OVER
ESTABLISHING A PAYMENT FOR TRAVEL TO AND FROM WORK, THE
UNIONS PLACED A BAN ON LOADING MEAT ON SHIPS FOR EXPORT.
AFTER THREE DELAYS THE FREEZING COMPANIES, WITH THEIR FREEZING
STORAGE FACILITIES FULL, FINALLY STOPPED KILLING OPERATIONS.
ABOUT 15,000 FREEZING WORKERS HAVE BEEN DISMISSED. CRITICAL
YEAR-END AND PRE-CHRISTMAS MEAT SHIPMENTS TO NZ'S IMPORTANT
EXPORT MARKETS SUCH AS THE UK AND NORTH AMERICA ARE NOW
SERIOUSLY THREATENED. AS OF NOVEMBER 22 NEITHER SIDE HAS
SHOWN SIGNS OF WILLINGNESS TO COMPROMISE. NZ MINISTER OF
LABOR, MR. GORDON, AFTER ONE WEEK IN BED WITH FLU, IS NOW
ACTIVELY EXPLORING POSSIBLE SOLUTIONS TO GET KILLING AND
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EXPORT LOADING RESUMED. MEAT EXPORT BAN, ESPECIALLY

IF IT CONTINUES WILL BE A SERIOUS BLOW TO NZ'S BALANCE OF PAYMENTS AND COULD HAVE LASTING DAMAGING EFFECT ON NZ'S FUTURE MEAT EXPORTS. END SUMMARY.

2. ABOUT EIGHT MONTHS AGO, ACCORDING TO THEIR SPOKESMAN, THE FREEZING WORKERS AND MEAT WORKERS UNIONS' PRESENTED A PLAN TO THE FREEZING COMPANIES FOR PAYMENT FOR DAILY TRAVEL BETWEEN HOME AND WORK. THE FREEZING COMPANIES APPARENTLY INITIALLY RESPONDED BY REQUESTING ADDITIONAL DETAILS, WHICH THE UNIONS TOOK AS AN INDICATION THAT THE COMPANIES WOULD BE PREPARED TO NEGOTIATE ON THIS POINT. THE UNIONS FINALLY ASKED FOR A \$1.50 PER DAY TRAVEL ALLOWANCE. THE FREEZING COMPANIES ASSOCIATION INSTEAD OFFERED A WAGE INCREASE OF 3 PERCENT WHICH WAS TO INCLUDE COMPENSATION

FOR TRAVEL EXPENSES. THEY REFUSED TO GRANT A TRAVEL ALLOWANCE PER SE, ON THE BASIS THAT THIS HAD NEVER BEEN A CUSTOMARY PRACTICE AND THE RAMIFICATIONS OF SUCH A NEW PRACTICE COULD BE VERY SERIOUS. NEITHER SIDE WOULD BACK DOWN ON THEIR STAND, THOUGH THE FREEZING COMPANIES ASSOCIATION DID UP THEIR WAGE INCREASE OFFER TO 3.5 PERCENT, OF THE BASIC WAGE.

3. ON NOVEMBER 10 THE TWO UNIONS PLACED A BAN ON LOADING MEAT ON SHIPS FOR EXPORT. THE ACTING MIN. LABOR INTERVENED UNSUCCESSFULLY TO FIND A COMPROMISE. THE PRESIDENT OF THE FEDERATION OF LABOR, SIR TOM SKINNER AT THE REQUEST OF THE MEAT WORKERS AND FREEZING WORKERS UNIONS' FOR SUPPORT MET WITH THE PRIME MINISTER, MR. MULDOON AND THE EXECUTIVE OF THE FREEZING COMPANIES' ASSOCIATION ON NOVEMBER 18 TO RESOLVE THE DISPUTE. THE PRIME MINISTER ADVISED THAT THE GOVERNMENT WAS OPPOSED TO A TRAVEL ALLOWANCE FOR FREEZING WORKERS. BUT THIS DID NOT DETER THE UNIONS.

4. ON THE WEEKEND OF NOVEMBER 20 THE FREEZING COMPANIES BEGAN LAYING OFF 15,000 OF THEIR EMPLOYEES, (MEAT WORKERS KILLING FOR NZ DOMESTIC CONSUMPTION ARE NOT AFFECTED). THE MINISTER OF LABOR MR. P GORDON, WHO WAS RECOVERING FROM A ONE WEEK BOUT WITH THE FLU, BEGAN MAKING CONTACT WITH BOTH THE FREEZING COMPANIES AND THE UNIONS TO SEEK SOME COMPROMISE OR INTERIM SOLUTION SO THE LOADING BAN COULD BE LIFTED AND THE WORKERS

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REEMPLOYED. ON NOVEMBER 22, MR. GORDON IS TO PRESENT PROPOSALS ON POSSIBLE COURSES OF ACTION TO THE CABINET FOR CONSIDERATION. BEFORE THE CABINET MEETING HE DID NOT GIVE THE IMPRESSION OF BEING TOO OPTIMISTIC OF AN EARLY BREAK-THROUGH.

5. THIS LATEST INDUSTRIAL PROBLEM HAS BEEN VARIOUSLY DESCRIBED BY THE PRESS AND OTHER OBSERVERS AS

POTENTIALLY THE MOST SERIOUS INDUSTRIAL DISPUTE IN A NUMBER OF YEARS. THERE HAS BEEN AT LEAST ONE OMINOUS PARALLEL DRAWN WITH THE NATIONAL MAJOR INDUSTRIAL CONFRONTATION OF 1951 WHEN THE WATERFRONT WORKERS WENT OUT ON STRIKE. (THIS 1951 STRIKE IS CITED AS NZ'S MOST SERIOUS INDUSTRIAL DISPUTE. THE WATERFRONT UNION WAS FINALLY DEREGISTERED AND THE ARMY WAS CALLED IN TO WORK THE DOCKS BEFORE THE STRIKE WAS BROKEN). ALMOST 20,000 MT'S OF MEAT WILL NOW NOT REACH THE UK IN TIME FOR THE CHRISTMAS SEASON WHEN LAMB IS SELLING AT A PREMIUM. ALSO BEEF WHICH SHOULD REACH THE US BEFORE DECEMBER 31 TO BE INCLUDED IN THE 1976 QUOTA MAY NOT BE SHIPPED IN TIME. THIS WILL RESULT IN SEVERAL MILLIONS OF DOLLARS LOSS IN DEALY NEEDED EXPORT EARNINGS. THE LOSS OF INCOME BY THE MEAT WORKERS AND FREEZING WORKERS IS ESTIMATED TO REACH \$250,000 THROUGH THE LOSS OF THEIR PREMIUM PAYMENTS ALONE. THE INDUSTRY STANDS TO LOSE AS MUCH AS \$10 MILLION IN INCOME. FIFTEEN SHIPS WHICH HAVE BEEN TIED UP AT DIFFERENT PORTS WAITING FOR MEAT NOW WILL LIKELY BE FORCED TO LEAVE ONLY PARTIALLY LOADED. (A BAN ALSO EARLIER PLACED ON LOADING DAIRY EXPORTS WAS LATER RELAXED SO THEY WILL NOT NOW BE AFFECTED BY THE MEAT WORKERS' DISPUTE). THE LAMB AND BEEF CATTLE GROWERS, WILL SUFFER. THEIR STOCK IS READY FOR SLAUGHTER. ANY DELAY WILL REDUCE THE QUALITY OF AT LEAST THE LAMBS AND INCREASE THE GROWERS' COSTS. IT COULD HAVE A DEFINITE LONG TERM ADVERSE EFFECT ON THEIR WILL (ALREADY AFFECTED BY HIGH COSTS) TO MAINTAIN AND INCREASE THEIR STOCKS IN THE FUTURE, ESPECIALLY FOR EXPORT MARKETS.

6. THE GOVERNMENT SO FAR HAS NOT DEMONSTRATED SUFFICIENT POWER OR WILL TO BRING THE PARTIES TO A COMPROMISE. THE DECISION OF THE MEATWORKERS AND FREEZING WORKERS UNIONS
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NOT TO INTERFERE IN THE DOMESTIC MEAT MARKET APPEARS A WISE ONE. THEY SAY THEY HAVE NO ARGUMENT WITH THE NZ MEAT CONSUMER, ONLY WITH THE FREEZING COMPANIES., IF THE NZ CONSUMER'S MEAT SUPPLY WERE ENDANGERED HE MIGHT BE MUCH MORE APT TO SIDE AGAINST THE UNIONS.

7. AS ONE EDITORIAL ENTITLED "JUST BRUTE FORCE" APTLY PUT IT, WHATEVER THE FINAL OUTCOME, "THE FREEZING WORKERS HAVE PROVED A POINT, ALREADY TOO FAMILIAR THAT IF A GROUP OF WORKERS IN A SPECIALIZED INDUSTRY WANTS TO DIG IN IT TOES ON AN ISSUE LITTLE CAN BE DONE TO FORCE A RETURN TO WORK".
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